

3-2

Contract Adjustments: Review Eliminated Contract Items

Objective

Understand the Contract Adjustment Creation Process

Creating a Contract Adjustment for an Eliminated Contract Item

The Resident Engineer can eliminate any item of work in the contract. However, the contractor may have paid for materials that were fabricated or partially fabricated for use in the eliminated work. If these materials are not considered stock items or the materials were delivered to the project, then the contractor can get reimbursed for them. The contractor will also be reimbursed for any prior work performed on the eliminated item.

When a contract item is eliminated from a contract and the contractor needs to be reimbursed, create a contract adjustment using Eliminated Contract Item. Provide a description as well as a justification for the eliminated contract item. In the justification, explain why the payment for the eliminated contract item is required.

The total dollar amount for the eliminated contract item is calculated after you enter the quantity for a generic line item for the eliminated contract item. The eliminated contract item is approved or denied by the appropriate staff, based on the total cost of the estimate for payment of the eliminated line item. If the contractor is being paid for an eliminated contract item, records for the eliminated contract item are stored just as the original contract line items were stored. They will be paid as part of the monthly and final estimates.

Note: It is possible to add an eliminated contract item to the list of contract line items. Information relative to the eliminated contract item contract adjustment can also be entered, such as basic eliminated contract item and work order information. Approvals may be entered at this location.

When entering an eliminated contract item, complete the following steps:

- Step 1:** Indicate the type of contract adjustment as Eliminated Contract Item (ECI).
- Step 2:** Enter the description of the eliminated contract item(s).
- Step 3:** Enter the justification that provides a detailed explanation as to why the eliminated contract item(s) is not required.
- Step 4:** Enter a comment, if applicable.
- Step 5:** Enter the contract line item description and quantity.
- Step 6:** Enter a contract line item long description, if applicable.
- Step 7:** Allocate the line item quantity to work orders.
- Step 8:** Activate the eliminated contract item.
- Step 9:** Make a decision on the eliminated contract item
- Step 10:** Forward the eliminated line item to the next review level, if applicable.
- Step 11:** Process the decision on the eliminated contract item.
- Step 12:** Enter a pay record using Contract Tracking to process the line item on a monthly estimate.

Review Eliminated Contract Items

- Step 1:** Log onto HiCAMS, using the instructions in the section *“Logging On To HiCAMS”* for more information.
- Step 2:** Choose **Functions® Contract Adjustments® Review Eliminated Contract Items** from the menu.

Step 3: Display the contract number to work with using one of these procedures:

- ♦ Type the contract number and press the Enter key.
- ♦ Choose the contract following this procedure:
 - 1 Click the book icon to the right of the **Contract** field.
The **Contract Selection** window appears.
 - 2 To select a contract from another location, select it from the list box in the **Location** field.
 - 3 Find the contract to add an eliminated contract item to from the list in the window. Use the scroll bar, if necessary.
 - 4 Click **OK**.

Step 4: The **Review Eliminated Contract Items** window displays; the information associated with the contract selected appears.

Step 5: Click the **New** button.

Complete the General tab

Step 1: Add a description for the contract adjustment in the **Description** field.

Step 2: Add a comment about the contract adjustment in the **Justification** field.

Complete the Line Items tab

Step 1: Enter the contract line item description in the **Description** column.

Step 2: Enter the quantity affected by the contract adjustment in the **Quantity** column. Note that the Unit Price = \$1.00 and the unit of measure is in *dollars*.

View and complete the Work Order Detail tab.

After entering the line items for eliminated contract item, the line item quantities must be appropriated across the work orders (funding sources). When the contract contains only one work order, the line items are automatically placed on that work order.

- Step 1:** To add a work order to the contract adjustment, drag one from the **Work Order Selection** box to the **Contract Adjustment Work Order Line Items** box.
- Step 2:** Type the quantity for work order in the **Quantity** field.
- Step 3:** Click **Non-Participating** if an FHWA Agency will pay for the line item.
- Step 4:** Click the **Activate** button at the bottom of the window.
- Step 5:** Click **Save**.
- Step 6:** View the **History** tab to review the chain of events.

Making a Decision about an Eliminated Contract Item Contract Adjustment

After the information for an eliminated contract item is entered into HiCAMS, it requires a decision. This is also known as the *approval process*, although the decision may not be *Approve*.

To make a decision about an eliminated contract item in HiCAMS:

- Step 1:** Choose **Functions® Contract Adjustments® Review Eliminated Contract Items** from the menu.
- Step 2:** Display the contract number to work with using one of these procedures:

- ♦ Type the contract number and press the Enter key.
- ♦ Choose the contract following this procedure:
 - 1 Click the book icon to the right of the **Contract** field.
The **Contract Selection** window appears.
 - 2 To select a contract from another location, select it from the list box in the **Location** field.
 - 3 Find the contract to add an eliminated contract item to from the list in the window. Use the scroll bar, if necessary.
 - 4 Click **OK**.

Step 3: The **Review Eliminated Contract Items** window displays; the information associated with the contract selected appears.

Step 4: Click the **Approval** tab.

Step 5: Choose a decision from the **Decision** box.

Step 6: Enter a comment in the **Comments** field. A comment is required if your decision is “Deny”.

Step 7: Click the **Process Approval** button

Step 8: **Save** changes.

Changing a Denied Eliminated Contract Item

Once an Eliminated Contract Item Contract Adjustment has been denied, it can be update using a *revision*, and then resubmitted.

To revise an eliminated contract item:

Step 1: Choose **Functions® Contract Adjustments® Review Eliminated Contract Items** from the HiCAMS menu.

Step 2: Display the contract number to work with using one of these procedures:

- ♦ Type the contract number and press the Enter key.
- ♦ Choose the contract following this procedure:
 - 1 Click the book icon to the right of the **Contract** field.
The **Contract Selection** window appears.
 - 2 To select a contract from another location, select it from the list box in the **Location** field.
 - 3 Find the contract you want to add an eliminated contract item to from the list in the window. Use the scroll bar, if necessary.
 - 4 Click **OK**.

Step 3: You return to the **Review Eliminated Contract Items** window; the information associated with the contract selected appears.

Step 4: Click the **Save As** icon on the tool bar. 

Step 5: Make the necessary changes.

Step 6: Save your work. The status changes to **Pending Approval**. Note that the number of the contract adjustment changes from x.0 to x.1. For example, if the original had been 3.0, a revision is numbered 3.1.

Review Supplemental Agreements

According to the Construction Manual, “A supplemental agreement as defined in Article 101-82 of the Specifications, is an instrument for making allowable modifications to the terms of the contract; however, modifications are limited to those which are necessary for the satisfactory completion of the work.” In addition, a supplemental agreement is required before changing the terms of the contract

such as compensation, contract times, and Specifications.

A supplemental agreement should be created when the Department decides to add extra work, alter work, or alter the unit price on a contract and the Department and Contractor agree on the price to be paid. If the Department and Contractor do not agree, the force account process is followed.

Official descriptions for a supplemental agreement:

Extra Work

104-7 Extra work is defined as “Work found necessary or desirable to complete fully the work as contemplated in the contract for which payment is not provided for by the contract unit or lump sum prices in the original contract. Extra work shall not be work which in the terms of the specifications and special provisions is incidental to work for which there is a contract price or work for which payment is included in some other contract unit or lump sum price.” Extra work can be created as a result of circumstances including but not limited to the following:

- ◆ omission of necessary bid items from the contract
- ◆ failure to include a basis of payment in the contract for work necessary to be performed under the terms of the contract
- ◆ plan revisions

Altered Work

The Engineer can also make changes in the plans or details of construction as necessary or desirable. The Contractor shall perform the modified work at the original contract unit or lump sum prices unless the character and the cost of performing the work has materially changed over that originally bid upon in the original contract. If both of these requirements are met, then a supplemental agreement can be

created based on specifications 104-3 related to altered work. The following is an example of a change, “the Department directed that the only pipe line on the project be shifted from a plan location in earth material to a location in solid rock so that blasting would be required to excavate for the pipe line. The Contractor would have to use equipment in the excavation process that could not have been anticipated during the bidding process. The character of the work has materially change and obviously the cost of the work has increased.”

Altered Unit Price

104-5: Altered Unit Price or deviations in the final quantities in excess of the specified percentages can be valid grounds for revising the unit price for that quantity in excess of the stated percentages if it can be shown that the overrun or under run of work causes an increase or decrease in the unit cost of performing the work.

Supplemental Agreement Steps

- 1 Select the type of work.
- 2 Select the authority for the change.
- 3 Specify if verbal approval was given. If so, enter the verbal approval date.
- 4 Indicate if the consideration for any additional contract time will be made upon receipt of the Contractor’s written request after completion of the affected work.
- 5 Enter the description of the supplemental agreement.
- 6 Enter the justification for the supplemental agreement.
- 7 Enter a comment, if applicable.
- 8 Create, extend, or modify contract times, if applicable.

- 9 Create line items based on the existing contract line items, if applicable.
- 10 Create line items based on the master pay item list, if applicable.
- 11 Create generic line items, if applicable.
- 12 Enter the line item short description, long description, quantity, unit price, unit of measure, and average unit price, if applicable.
- 13 Allocate the line item quantity to work orders.
- 14 Verify the line item indicators for the supplemental agreement line items.
- 15 Activate the supplemental agreement.
- 16 Make a decision on the supplemental agreement.
- 17 Forward the supplemental agreement to the next review level, if applicable.
- 18 Process the decision on the supplemental agreement. Repeat steps 19 through 21 until the “Approved” status is obtained.
- 19 If the contract is Step by Step, forward the supplemental agreement to CCU (Marilyn Wagner) to obtain input by FHWA.
- 20 View the Documentation for Negotiated Prices and Contract Time Extensions Report.
- 21 View/Print the Supplemental Agreement Documentation Report.
- 22 Send the contractor the Supplemental Agreement Documentation Report to sign.
- 23 After the contractor approved or denies the supplemental agreement, specify the decision in HiCAMS.
- 24 As work is completed, enter a pay record(s) using Contract Tracking to process the line item(s) on a monthly estimate.

Tracking a Supplemental Agreement

Step 1: Log onto HiCAMS.

Step 2: Choose **Functions®Contract Adjustments®Review Supplemental Agreements** from the menu.

Step 3: Display the contract number you want to work with using one of these procedures:

- ♦ Type the contract number and press the Enter key.
- ♦ Choose the contract following this procedure:
 - a) Click the book icon to the right of the **Contract** field.
The **Contract Selection** window appears.
 - b) To select a contract from another location, select it from the list box in the **Location** field.
 - c) Select the appropriate contract to add a supplemental agreement to from the list in the window. Use the scroll bar, if necessary.
 - d) Click **OK**.

Step 4: The information associated with the contract you selected is displayed.

Step 5: Click the **New** button. The **Review Supplemental Agreement Detail** window appears.

Complete the General tab

Step 1: Select a type of work from the **Type of Work** drop down box. The choices are:

- ♦ Bridge
- ♦ Roadway
- ♦ Both

If the Central Construction Unit specified the **Type of Contract** at the contract level as "Surfacing/Resurfacing", HiCAMS sets the **Type of Work** to "Roadway." The **Type of Work** field can be updated.

Step 2: Select the **Authority for Change**. The valid choices are:

- ◆ Extra Work
- ◆ Altered Work
- ◆ Altered Unit Price
- ◆ Other

The authority for change affects approval of the supplemental agreement.

- ◆ Add a description for the contract adjustment in the Description field.
- ◆ Add a comment about the contract adjustment in the Justification field.
- ◆ Check the Verbal Approval check box, if applicable.

According to 104-8 of the standard specifications, if the supplemental agreement dollar amount is \$15,000 or less, you can specify that verbal approval has been given to proceed with the work.

If verbal approval is specified, you must enter the date verbal approval was given into the box that appears.

If specified that verbal approval was given and the dollar amount of the supplemental agreement dollar amount exceeds the specified threshold of \$15,000, HiCAMS does the following:

- ◆ Displays a warning window
- ◆ Sets the verbal approval to “N”
- ◆ Clears the verbal approval date
- ◆ Protects the verbal approval information

Step 3: Check the box **Contract Time Considered upon Completion of Work** if appropriate. This specifies whether the impact of a supplemental agreement on contract times will be considered upon the completion of the work. If indicated, you cannot extend any contract times with the supplemental agreement. However, a new contract time can be

created or existing contract time can be modified. In addition, the following comment will appear on the supplemental agreement report: "Consideration for any additional contract time will be made upon receipt of the Contractor's written request after completion of the affected work."

Step 4: Enter any comments, if applicable, in the **Comments** field.

Complete the Contract Times tab:

If appropriate, create a new contract time using a supplemental agreement:

Review Supplemental Agreement Detail

Contract: C105449 Description (nickname): I-77 Night Paving
 Contract Adjustment: SA 1.0 Description: This Supplemental Agreement establishes prices for applying 6" Thermoplastic Pavement
 Status: Contractor Concurrence Total Amount: \$28,820.00

General Contract Times Line Items Work Order Detail Approval History

Contract Time	Contract Adj	Description	Completion Date	Revised Completion Date	Liquidated Damages Rate	Rate Unit Of Measure
00		Contract Time	10/31/2000	00/00/0000	\$1,000.00	Per Day
01		Lane closure restrictions	00/00/0000	00/00/0000	\$1,000.00	Per Hour

Extensions:

Type of Work Affected: extra and/or additional work

Extension: ☐ Pro Rata: ☒

Controlling Operation Delay

Start Date: 00/00/0000 End Date: 00/00/0000

Comment: The contract completion date is extended only as allowed for overruns in accordance with Article 108-10(B)1 of the Standard Specifications in consideration of performance of the extra and/or additional work.

Override Comment: ☐

Activate Indicators Process Approval Void

Indicates the date when the contract is expected to be completed, as amended by a contract adjustment. 1-800-368-2778, Fox assis

When creating a new contract time, the next sequential contract time number is assigned.

When the supplemental agreement status is updated to Contractor Concurrence, the contract time status changes to "Approved."

To create a new contract time:

Refer to the **Contract Times** section of the user manual.

Complete the Line Items tab:

Review Supplemental Agreement Detail

Contract: C105449 Description (nickname): I-77 Night Paving
 Contract Adjustment: SA 1.0 Description: This Supplemental Agreement establishes prices for applying 6" Thermoplastic Pavement
 Status: Contractor Concurrence Total Amount: \$28,820.00

General | Contract Times | **Line Items** | Work Order Detail | Approval | History

☒ Show Contract Line Items ☐ Show Master Pay Items

Line Item	Cont Adj	Description	UOM	Quantity	Unit Price	Amount
1		MOBILIZATION	LS	1.000	\$128,500.0000	\$128,500.00
2		UNDERCUT EXCAVATION	CY	600.000	\$12.0000	\$7,200.00
2SA 2		UNDERCUT EXCAVATION	CY	27.000	\$12.0000	\$324.00
3		PAVEMENT, CONC, REMVL	SY	2,000.000	\$45.0000	\$90,000.00

Contract Adjustment Line Items:

Line Item	Cont Adj	Description	Quantity	Average Unit Price	Unit Price	Amount	Gen	Staff
23 SA 1		THERMO PVT	-70,000.000	\$ 0.0000	\$ 8.0000	(\$56,000.00)	Brook	
24 SA 1		THERMO PVT	-9,000.000	\$ 0.0000	\$ 9.0000	(\$8,100.00)	Brook	
34 SA 1		6"WIDE THER	9,200.000	\$ 0.0000	\$1.2200	\$11,224.00	Wagn	
35 SA 1		6" THERMOPL	73,600.000	\$ 0.0000	\$1.1100	\$81,696.00	Wagn	

Activate Indicators Process Approval Void

A description of the contract adjustment T (1-800-368-2778) For as

Select the line item(s) that are impacted by the contract adjustment: Drag the line item from the top box in the Line Items tab and drag it to the bottom box Contract Adjustment Line Items.

Step 1: Enter the contract line item description in the **Description** column.


Step 2: The Quantity column contains a number of units in the line item unit of measure required to complete the item of work. Either a positive or negative number can be entered. If a negative number is entered, HiCAMS displays a warning message. Enter the quantity affected by the contract adjustment in the **Quantity** column.

For generic line items, enter a detailed description of the line item affected by the Supplemental Agreement in the **Description** field. If left blank, the short description appears.

Average Unit Price – Enter an average unit price for each supplemental agreement line item from the most current set of North Carolina Department of Transportation Bid Tabulation Sheets.

A comment is required explaining approvals for each supplemental agreement line item where the negotiated unit price exceeds the average unit bid price by more than 10%. Personnel with the correct security can update the threshold percentage in the *Constants* table.

The same comment can be entered for multiple line items where the negotiated unit price exceeds the average unit bid price by more than 10%. To do this, check the **Apply comment to all line items exceeding the threshold** indicator in the **Unit Price Threshold** window.

To see why the negotiated unit price exceeds the average unit bid price by more than 10% for a supplemental agreement line item, click the  notepad icon.

Step 3: Enter the Unit Price. Specify the negotiated unit price for the item of work on the supplemental agreement. If the new line item is based on an existing line item, HiCAMS sets the unit price based on the existing line item. The unit price can be updated.

Complete the Work Order Details tab

Step 1: View the information in the **Work Order Details** tab. If there is only one work order on the contract, the system sets the quantity of the line item to the work order line item. In addition, the work order line item is identified as *participating*; paid for by the work order (i.e. funding source).

Step 2: If necessary, assign the quantity of the line item to work orders:

- a) Select the work order that will fund the quantity from the **Work Order Selection** box. Drag it to the right to the **Contract Adjustment Work Order Line Items** box.

- b) The **Quantity** column displays the portion of the line item quantity that has currently been agreed upon to reimburse the contractor the supplemental agreement. It is broken down by work order (i.e. funding source). The quantity is equivalent to the dollar amount. For example, if a work order is funding \$500.00 of \$792.00, set the quantity to 500 on the work order line item. Type the quantity of the line item funded by that particular Work Order in the **Quantity** field.
- c) If there is more than one work order that will fund the line item, continue performing Steps 1 and 2 until complete.

Note: You must allocate the total quantity of the line item to one or more work orders.

Step 3: Click the **Activate** button at the bottom of the window.

Step 4: Verify the line item indicators; click the **Indicators** button. The **Line Item Indicators** window appears.

Step 5: Click **Save**.


Step 6: Select the **History** tab to review the chain of events.

Making a Supplemental Agreement Decision

After the information for a contract adjustment is entered into HiCAMS, it requires a decision. This is also known as the *approval process*, although the decision may not be *Approve*. Note that Force Account decisions are tracked outside of HiCAMS.

The approval requirements for a supplemental agreement are based on the dollar amount of the contract adjustment. The Contract Adjustment Approval Maintenance Table contains approval information.

To make a decision about a contract adjustment in HiCAMS:

- Step 1:** Go to the appropriate Review window, **Review Eliminated Contract Items**, **Supplemental Agreement**, or **Review Left over Materials**.
- Step 2:** Select the contract number to work with using one of these procedures:
- ♦ Type the contract number and press the Enter key.
 - ♦ Select the contract following this procedure:
 - a) Click the book icon to the right of the **Contract** field.
The **Contract Selection** window appears.
 - b) To select a contract from another location, select it from the list box in the **Location** field.
 - c) Select the contract to add an eliminated contract item to from the list in the window.
Use the scroll bar, if necessary.
 - d) Click **OK**.
- Step 3:** You return to the **Review** window; the information associated with the contract you selected appears.
- Step 4:** Click the **Approval** tab.
- Step 5:** Choose a decision from the **Decision** box.
- Step 6:** Enter a comment in the **Comments** field. A comment must be entered if your decision is “recommend denial” or “denied.”
- Step 7:** **Forward To** - Specify the next person to review the supplemental agreement. The person identified will receive a system notification. Click the  staff icon and the Staff List displays.
- Step 8:** When specifying Contractor Concurrence or Non-concurrence, the contractor authorized representative

name must be entered. Pay records cannot be entered against any supplemental agreement line items until the status of the associated supplemental agreement is “Contractor Concurrence”.

FHWA Authorized Representative - the person who signed the supplemental agreement. This person represents FHWA.

A contract specified as step by step requires FHWA input before Contractor Concurrence.

The FHWA authorized representative name must be entered when a decision of “FHWA Concurrence”, “FHWA Concurrence As Noted”, or “FHWA Non-Concurrence” is made.

The following are brief descriptions of each possible decision:

FHWA Concurrence – Supplemental agreement information cannot be changed with the exception of Contractor Concurrence/Non-concurrence.

FHWA Concurrence As Noted – Supplemental agreement information cannot be changed except for Contractor Concurrence/Non-concurrence and non-participating on work order line item(s).

FHWA Non-Concurrence – HiCAMS automatically changes all participation to non-participation for line items on work orders with a federal aid number. You cannot change supplemental agreement information except for Contractor Concurrence/Non-concurrence.

The Central Construction Unit can enter the FHWA authorized representative name, if known beforehand. Therefore, the Supplemental Agreement Documentation Report and Documentation for Negotiated Prices and Contract Time Extensions

Report for Supplemental Agreement displays the FHWA authorized representative name.


Until FHWA personnel use HiCAMS, Central Construction Unit personnel (currently the Estimate Processing Technician and Construction Estimates & Claims Engineer) can indicate FHWA decisions online for FHWA.

Step 9: Click the **Process Approval** button.

Step 10: Click **Save**.

Revising a Supplemental Agreement

If any level of approval, including Department of Transportation or contractor, chooses a decision of “Denied” or “Contractor Non-Concurrence” on the supplemental agreement, the Resident Engineer and Project Engineer are notified. He/she or the approver can accept the decision or might modify the supplemental agreement and send it again for approval.

If the status is “Denied” or “Contractor Non-Concurrence”, you can revise it using the  Save As icon.

It is possible to perform several revisions to a supplemental agreement. However, a new revision can only be created from the latest revision. For example, SA 1.1 is created and then denied. Even though SA 1.1 is denied, the revision must be created from SA 1.1. Once SA 1.2 is created, a revision to SA 1.1 is not permitted.

If a supplemental agreement was denied, revised, and then approved, the contract adjustment line item number would not contain the revision number. The revision details are only located within the contract adjustment windows.